

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-12 ISO-00 SP-02 ICA-20 AID-05
EB-08 NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01
CIAE-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 DOE-15 SOE-02 AGRE-00 /142 W
-----089185 191047Z /11

R 190930Z JUL 78
FM AMEMBASSY TUNIS
TO SECSTATE WASHDC 1878
INFO AMEMBASSY ALGIERS
AMEMBASSY ATHENS
AMCONSUL CASABLANCA
AMEMBASSY RABAT
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
USDOC WASHDC

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USOECDD

DEPT PASS AID, EXIMBANK, OPIC FOR INFO

ATHENS FOR RTDO

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SUBJ: INCREASE IN JAPANESE COMMERCIAL ACTIVITY AND AID
EXPECTED IN TUNISIA

REF: TOKYO 12157

1. BEGIN SUMMARY. IN RECENT CONVERSATION WITH ECON-
OMIC/COMMERCAIL COUSELOR, JAPANESE AMBASSADOR TAMURA
OUTLINED ADDITIONAL SECTORS FOR WHICH HIS GOVERNMENT
IS OFFERING CONCESSIONAL CREDITS AND OTHER ASSISTANCE
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TO TUNISIA. MOST--SUCH AS CREDITS FOR PORT EXPANSION,
CEMENT MILL AND FERTILIZER PLANT--IS TIED FINANQING,
WHCIH WOULD BE FULLY OFFSET OR EXCEEDED BY INCREASED
JAPANESE EXPORTS. TAMURA ALSO SAID JAPANESE--NOW VIRTUALLY
UNREPRESENTED IN LOCAL MANUKATURING-- ARE CONSIDERING
INVESTMENTS IN MOTOR BEHICLES AND SEVERAL OTHER INDUSTRIAL
SECTORS. TWO ADDITIONAL JAPANESE TRADING GROUPS

(MITSUI AND MITSUBISHI) WILL OPEN OFFICES IN TUNIS THIS FALL. END SUMMARY.

2. JAPANESE AMBASSADOR SAID THAT HITACHI SHIPYARD TECHNICIANS (UNDER TECHNICAL ASSISTANCE LOAN TO GOT TO UPGRADE SOCOMENA WORKS AT MENZEL BOURGUIBA), PREVIOUSLY SCHEDULED TO COME TO TUNISIA IN MID-JUNE, NOW WILL BE ARRIVING IN EARLY SEPTEMBER. HE ADDED THAT EL FOULADH STEEL MILL--ALSO AT MENZEL BOURGUIBA, WHICH HAS HAD SOME PAST HELP FROM NIPPON STEEL TECHNICIANS, HAS ASKED FOR ADDITIONAL ASSISTANCE. JAPANESE ALSO EXPECT REVIVED INTEREST IN DIRECT REDUCTION STEEL PLANT, NOW BASED ON ALGERIAN NATURAL GAS.

3. AMBASSADOR TAMURA SAID TWO NEW CREDITS OFFERED BY GOJ, APART FROM THAT FOR LA GOULETTE PORT EXPANSION (INTERESTED CONSTRUCTION FIRM IS A NIPPON STEEL SUBSIDIARY, ARE THOSE FOR CENTRAL CEMENT MILL AT ENFIDAVILLE AND FOR SEPA FERTILIZER PLANT IN GABES. BOTH APPARENTLY INVOLVE MIXED GOVERNMENT AND COMMERCIAL CREDITS TIED TO EXPORT SALES. WE UNDERSTAND THAT PROPOSAL FOR SEPA IS JOINT ONE OF HITACHI ZOZEN WITH BRITISH FIRM OF HUMPHREYS AND GLASGOW, WHICH ARE COMPETING FOR \$100 MILLION "PHASE TWO" AMMONIUM NITRATE FACILITY AGAINST GERMAN (UHDE) AND FRENCH (CREUSOT LOIRE) COMPETITION, WITH FOURTH GROUP (AUSTRIAN/TOYO OF JAPAN) APPARENTLY TRAILING. TRADE SOURCES SUGGEST UNCLASSIFIED

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JAPANESE MIXED CREDITS NEEDED TO COMPETE WITH FRENCH (COFACE) MIXED CREDITS AND GERMAN DEAL WHICH COULD BE SWEETENED BY TECHNICAL ASSISTANCE. AMBASSADOR TAMURA SAID JAPANESE HAVE COME RATHER LATE TO CEMENT PROJECT, FOR WHICH TUNISIANS HAD LONG PROMISED FEASIBILITY STUDY, AND HE WAS NOT CERTAIN WHAT BUSINESS WOULD BE OBTAINED. (AT ONE POINT IT WAS BELIEVED THAT THIS PLANT WAS TO BE SOVIET-FINANCED.) INTERESTED JAPANESE FIRM IS KAWASAKI, WHICH HAS BUILT SEVERAL CEMENT MILLS IN ALGERIA.

4. TAMURA SAID THAT FOLLOWING VISIT TO TOKYO THIS SPRING OF INVESTMENT PROMOTION AGENCY (API) MISSION LED BY PLAN MINISTER ZAAOUNI, JAPANESE ARE LOOKING INTO VARIOUS POSSIBILITIES FOR INVESTMENT; FEASIBILITY STUDIES ARE NOW GETTING UNDERWAY. ACCORDING TO TRADE SOURCE, EMPHASIS IS ON FOUR SECTORS: SMALL AUTOMOBILES (DATSUN) AND SMALL BUSES, CONSTRUCTION EQUIPMENT, PLASTICS AND LIGHT MANUFACTURING. ALL BUT LAST WOULD BE PRODUCED PRIMARILY FOR DOMESTIC MARKET BUT ALSO WITH VIEW TO EXPORTS TO NEIGHBORING MAGHREB COUNTRIES. LIGHT MANUFACTURING IS BEING EXAMINED PRIMARILY WITH

A VIEW TO ARAB RATHER THAN EC MARKETS.

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AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

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5. ESTABLISHMENT THIS FALL OF MITSUI AND MITSUBISHI OFFICES WILL BRING "ZAIBATSU" REPRESENTATION IN TUNIS TO TOTAL OF FOUR. SUMITOMO ALSO BRIEFLY HAD OFFICE HERE BUT CLOSED IT BECAUSE OF PERSONNEL PROBLEMS. (FYI: INFORMATION PROVIDED BY JAPANESE AMBASSADOR SUPPLEMENTED FOR THIS REPORT BY THAT FROM LOCAL ITOH REPRESENTATIVE, WHO HAS PLAYED VERY ACTIVE ROLE IN PROMOTION OF JAPANESE BUSINESS IN TUNISIA.)

6. JAPANESE AMBASSADOR ADDED THAT TOKYO UNIVERSITY WILL BE ENTERING UNESCO-LED ARCHAEOLOGICAL PROJECT IN CARTHAGE; NEGOTIATIONS ARE UNDERWAY IN RESPECT TO SITE FOR JAPANESE TEAM.

7. COMMENT. PARALLEL BUSINESS AND AID DEVELOPMENTS REFLECT GROWING JAPANESE INTEREST IN TUNISIAN MARKET
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AND GOT INSISTENCE ON COMPENSATING BENEFITS. (JAPANESE-TUNISIAN TRADE IS HEAVILY TILTED TOWARD JAPANESE EXPORT SURPLUS (1977 TUNISIAN IMPORTS FROM JAPAN WERE \$19 MILLION AND EXPORTS TO JAPAN ONLY \$700,000). JAPANESE SEE NO POSSIBILITY OF BALANCING TRADE, BILATERALLY, BUT BELIEVE THEY CAN HELP TUNISIA EARN FOREIGN EXCHANGE FROM THIRD COUNTRIES. SO FAR, JAPANESE AID TO TUNISIA HAS BEEN MINIMAL APART FROM A FEW TECHNICIANS AND VOLUNTEERS (E.G. PARAMEDICAL, FISHING, SPORTSUP AND 1976-77 CREDITS TOTALLING ABOUT \$50 MILLION FOR PURCHASE OF MERCHANT SHIPS. MULCAHY

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